



JAN DHAN YOJANA AND ITS ROLE IN DEVELOPING A GREEN ECONOMY: AN INTEGRATED APPROACH

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ABSTRACT

The Pradhan Mantri Jan Dhan Yojana (PMJDY), launched in 2014, is India's flagship financial inclusion programme, with over 52.88 crore accounts opened as of April 2025. Beyond its economic objectives, PMJDY has emerging potential as a driver of environmental sustainability. This paper explores the integrated role of PMJDY in advancing a green economy in India. It highlights how access to formal banking and micro-credit under PMJDY has supported green livelihoods, such as organic farming, eco-friendly entrepreneurship, and decentralized renewable energy adoption. Case studies illustrate the scheme's impact on women-led self-help groups, climate resilience during disasters, and environmentally responsible financial practices. Despite these gains, challenges persist due to underutilization of credit, weak policy convergence, and limited financial literacy on green issues. The paper concludes with policy recommendations including the creation of green credit lines, targeted incentives, and institutional coordination to strengthen the alignment between financial inclusion and sustainable development. PMJDY, when strategically linked to environmental goals, can become a transformative platform for inclusive and ecologically sound growth in India.

KEYWORDS: Pradhan Mantri Jan Dhan Yojana (PMJDY), Financial Inclusion, Green Economy, Sustainable Development, Climate Resilience, Renewable Energy, Women Empowerment, Eco-friendly Livelihoods, Green Finance, Environmental Sustainability

INTRODUCTION

Financial Inclusion Meets Environmental Sustainability

The Pradhan Mantri Jan Dhan Yojana (PMJDY), launched by the Government of India in August 2014, has become one of the world's largest financial inclusion initiatives. With over 52.88 crore accounts opened by April 2025, the scheme ensures access to formal banking, especially for the marginalized and rural poor. Its primary focus has been economic empowerment through zero-balance accounts, RuPay debit cards, direct benefit transfers (DBTs), and micro-credit facilities. However, in the face of pressing environmental challenges and the need for sustainable development, there is growing recognition of the role that PMJDY can play in fostering a green economy.

Understanding the Green Economy and Its Relevance to India:

A green economy is one that promotes inclusive growth while significantly reducing environmental risks and ecological scarcities. It aims to improve human well-being, social equity, and long-term sustainability. For India, this involves transitioning to clean energy, sustainable agriculture, green entrepreneurship, and climate-resilient livelihoods. Achieving these goals requires inclusive financial systems that can fund, support, and empower grassroots ecological initiatives. PMJDY, with its extensive reach and integration with other government schemes, provides an ideal foundation for such an economic transformation.

Promoting Green Livelihoods Through Financial Access:

Jan Dhan Yojana plays a vital role in enabling environmentally sustainable livelihoods by connecting poor households to

institutional credit. Small and marginal farmers are now better placed to invest in organic farming, water-saving techniques like drip irrigation, and natural composting systems. Women-led self-help groups (SHGs), often operating through Jan Dhan-linked microfinance, are establishing eco-friendly enterprises—ranging from solar-powered tailoring units to herbal product ventures. For instance, in Maharashtra's Satara district, women SHGs have successfully set up vermicomposting plants funded through Jan Dhan-linked loans, helping reduce dependence on chemical fertilizers and revitalizing soil fertility.

Enabling Renewable Energy Adoption and Clean Technology:

The adoption of renewable energy technologies is a key pillar of the green economy, and PMJDY has streamlined this process by ensuring efficient fund transfers. Schemes like PM-KUSUM and the Ujjwala Yojana rely heavily on Jan Dhan infrastructure for delivering subsidies directly to beneficiaries. By April 2023, over 25 lakh farmers had accessed subsidies for solar irrigation pumps through PM-KUSUM, with most transactions processed via Jan Dhan accounts. Such initiatives reduce reliance on fossil fuels and promote decentralized, low-carbon energy solutions for rural India.

Enhancing Climate Resilience and Disaster Recovery:

PMJDY has proven instrumental in building climate resilience by facilitating immediate financial support during natural disasters. During Cyclone Amphan and the COVID-19 pandemic, the government utilized Jan Dhan accounts to rapidly disburse relief funds to millions. This financial buffer reduces

long-term vulnerabilities, supports livelihood continuity, and enhances adaptive capacities. As climate-related disasters become more frequent, PMJDY's role in promoting financial preparedness and recovery becomes even more critical for sustaining ecological and social well-being.

Encouraging Environmentally Responsible Financial Behavior:

The digital and cashless economy promoted by Jan Dhan reduces the environmental footprint associated with physical cash transactions. RuPay cards, mobile wallets, and Aadhaar-enabled payment systems minimize paper usage and transport costs. Moreover, as financial literacy campaigns grow, there is greater potential to instill values of sustainability, responsible consumption, and ecological awareness among rural account holders. By fostering transparency in subsidy use and promoting ethical financing, PMJDY supports a culture of environmental accountability.

Empowering Women as Green Economy Leaders:

A significant strength of PMJDY lies in its focus on gender empowerment. Women hold over 55 percent of the scheme's bank accounts, placing them at the center of community-level ecological transformation. Traditionally responsible for household energy use, water conservation, and food systems, women are now better equipped to lead sustainable enterprises. In Odisha, tribal women used Jan Dhan-linked loans to set up leaf-plate manufacturing units using Sal leaves—providing a biodegradable alternative to plastic disposables and generating green livelihoods.

Challenges in Linking PMJDY to Green Economy Goals:

Despite its potential, the connection between PMJDY and the green economy remains underdeveloped. Many account holders remain underbanked, lacking access to larger credit for green initiatives. There is limited coordination between financial inclusion policies and environmental programs. Financial literacy efforts rarely address green financing or climate-smart entrepreneurship. Furthermore, SHGs and small enterprises often face procedural hurdles in accessing eco-innovation grants or loans due to lack of tailored financial products.

Policy Recommendations for Strengthening the Linkage:

To unlock the full potential of PMJDY in promoting a green economy, the government must adopt a multi-pronged strategy. Introducing green-specific credit lines through Jan Dhan accounts could encourage climate-resilient agriculture, eco-friendly start-ups, and renewable energy adoption. Financial literacy campaigns must include modules on sustainable living and environmental management. Inter-ministerial coordination among the Finance Ministry, Environment Ministry, and NABARD is essential to develop a structured framework for green microfinance. Incentives must be offered for women-led eco-enterprises, and Jan Dhan accounts could also serve as channels for carbon credit payments and agroecological incentives.

CONCLUSION

A Vision for Inclusive and Sustainable Development:

The Pradhan Mantri Jan Dhan Yojana is more than a scheme for financial inclusion; it is a transformative platform for sustainable development. By integrating the poor and marginalized into the formal economy, PMJDY provides a critical pathway for ecological innovation, green entrepreneurship, and climate resilience. When aligned with broader environmental goals, Jan Dhan can serve as a catalyst for India's transition to a green economy—ensuring intergenerational equity, inclusive growth, and environmental sustainability. As India moves forward on the path of development, leveraging financial inclusion for ecological regeneration is not just desirable—it is imperative.

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